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SUBJECT: NO CLEAR PATH TO STABILITY IN THAI POLITICS

BANGKOK 00002226 001.2 OF 004

Classified By: Ambassador Eric G. John, reason: 1.4 (b) and (d).

SUMMARY

1. (C) Prime Minister Samak Sundaravej, under pressure, plans to carry out a cabinet reshuffle. He has gone on the offensive against his opponents, and he is once again publicly floating the idea of constitutional amendment. The shaky state of Samak's administration is a direct and deliberate consequence of the political framework established by the 2006 coup leaders. Various factors appear likely to seriously impede all scenarios that one might realistically hope could put Thailand on a path toward more stable and effective governance in the near term. End Summary.

CABINET RESHUFFLE SOON

2. (C) Prime Minister Samak Sundaravej said publicly on July 15 that he would carry out a significant cabinet reshuffle toward the end of July, according to local press reports. Samak appears to be acting not simply to plug holes left in his cabinet by resignations, but also to regain public trust after widespread criticism of his administration. In the past few months, opponents of the government led by Samak's People's Power Party (PPP) have carried out street demonstrations, floated coup rumors (possibly reflecting actual contingency plans by military figures), held a no-confidence debate in the parliament, and requested that the National Counter Corruption Commission (NCCC) proceed with impeachment and criminal charges against the cabinet. Moreover, a Supreme Court decision that disqualified a top PPP official from holding office makes PPP liable to dissolution by the Constitutional Court.

3. (C) In recent days, PPP has begun to fight back. The party has begun once again to call for constitutional reform, even though this proposal previously energized demonstrations and coup rumors. Some PPP officials have publicly floated the idea of impeachment proceedings against certain independent agencies -- most notably the Election Commission, the NCCC, and the Constitutional Court. And a PPP official filed a complaint with the Election Commission requesting the removal from office of 27 legislators from the opposition

Democrat Party (DP) and 32 Senators, claiming that they violated constitutional provisions on asset ownership. Samak complained, "The government is now paralyzed and the state of the country has been totally destroyed by a defective system," and said that it was time for him to "kill" (metaphorically) the political opponents who had successfully targeted his own allies, according to local press reports.

SYSTEM WORKING AS INTENDED

14. (C) Many of PPP's troubles stem directly from provisions in the 2007 constitution. This charter, drafted by an assembly established by the leaders of the 2006 coup, aimed to reduce the likelihood of a single political party achieving the dominant status achieved by Thaksin Shinawatra's Thai Rak Thai, which led the government from 2001 until 2006. Certain provisions of the constitution -- including the reversion to multi-member electoral districts and the shift from national to regional party lists -- were specifically designed to facilitate competition against a leading party, although PPP nevertheless came close to winning a majority of the seats in the House in December 2007 elections. Other new provisions in the constitution have hobbled PPP, however:

- Article 237 provides for potential party dissolution if a party executive is found guilty of electoral fraud; one such executive from PPP has been found guilty, leaving the party vulnerable.

- The establishment of a 150-seat Senate that includes 74 members selected by a committee, rather than elected by the citizenry, made PPP comparatively weaker in the Senate than

BANGKOK 00002226 002.2 OF 004

in the House. A majority of the selected Senators supported a motion to hold a debate critical of the Samak administration's performance in June.

- New, strict conflict-of-interest prohibitions in Articles 265-269 appear to have made it difficult for PPP to attract prominent people to serve as cabinet officials.

15. (C) In addition to the structural factors described above, PPP faces difficulties associated with personnel factors:

- The Commissioners of the National Counter Corruption Commission were all selected by the 2006 coup leaders in the immediate aftermath of the coup, and the constitution provides that they hold their office for nine-year terms.

- Some military officers who played important roles in the 2006 coup -- including current Army Commander Anupong Paojinda and current Defense Ministry Permanent Secretary Winai Phattiyakul -- retain top positions in the military.

- The 2007 constitution provides for judges to participate in the selection of the 74 selected Senators, and to play an increased role in the selection of members of key independent bodies. Judges themselves are selected by Court committees and formally appointed by the King; they swear an oath of loyalty to the King (as do cabinet members and military officers, although legislators and civil servants do not). In the current environment, judges are generally viewed as predisposed toward (if not members of) the royalist oligarchy -- a perception that recent court rulings with an adverse effect on PPP will likely reinforce.

NO CLEAR WAY OUT

16. (C) Given the current circumstances, it is difficult to see a clear path toward more effective Thai governance. The following scenarios for greater stability all have factors that make them improbable:

- STABILITY UNDER THE PPP: Samak's ability to stabilize his government is questionable. He does not appear to have widespread support in the political class. His network of loyalists is extraordinarily weak; most politicians we meet are uncertain whether Samak has an "inner circle," or, if he does, who is in it. The support he has in PPP seems largely due to Thaksin's backing for him, which appears tentative. Samak is currently appealing a defamation conviction, and he remains under investigation for alleged corruption dating back to his term as Bangkok Governor; other legal cases have also been lodged against him. With most former Thai Rak Thai party executives still ineligible to hold political office, Samak has a very limited pool from which to draw talented figures to serve in his administration. Also, there is no PPP figure who appears especially suitable to supplant Samak as Prime Minister and govern more effectively.

- RECONCILIATION BETWEEN THAKSIN AND THE PALACE: It is virtually impossible to imagine genuine reconciliation between the two principal camps, currently engaged in a zero-sum competition for power and influence. Thaksin showed during his administration a desire to eliminate all opposition, sometimes employing ruthless tactics to do so. Notoriously vindictive, Thaksin is unlikely to forgive or forget the 2006 coup and his ensuing legal difficulties. Many in Thailand's political class believe that Thaksin fundamentally hopes that Thailand will modernize in ways that entail a reduced role for the monarch; he has kept company with some left-wing figures who have expressed disdain for Thailand's royal patronage system. The palace appears to view Thaksin as an existential threat.

- THE DP AS A COMPROMISE SOLUTION: Aware of the difficulty in resolving the fundamental conflict driving Thai politics, a few of our contacts suggested that a workable compromise might be for PPP, at Thaksin's behest, to agree to cede power to a new coalition government that has the Democrat Party at its core. Our contacts speculated that Thaksin might be

BANGKOK 00002226 003.2 OF 004

willing to take this step in exchange for lenient treatment from the Thai courts. We do not entirely rule out this scenario, but we have not yet discerned efforts to negotiate the extraordinarily complex and broad agreement that would be essential for this to work. PPP and the DP are currently at each others' throats, and it is difficult to imagine that PPP legislators, who received significantly more popular support than their DP counterparts, would passively permit the Democrats to lead the government and reap the associated benefits. While Thaksin's opponents might pitch this concept as a compromise that allows Thaksin to benefit from reduced public agitation over his influence, he would likely prove reluctant to relinquish hard-won political power and leverage, perceiving this option as comparable to an invitation to surrender.

- THAKSIN'S ELIMINATION: Thaksin's conviction in ongoing court cases would likely diminish his stature and might effectively remove him from the political scene. Royalists will likely remain concerned, however, that the populist sentiment that Thaksin stoked might once again be harnessed to the palace's detriment; this anxiety may be particularly acute given the uncertainty surrounding royal succession, and the inability of any heir to exercise the same moral authority as the current King, at least in the near term. Given the widespread perception of a divide between the Bangkok elite and the rural masses, the palace would likely continue to prefer a political system entailing weak governments, even if Thaksin is removed from the scene.

- ANOTHER COUP: A more extreme version of the "elimination" scenario, above, would entail a coup d'etat. Speculation about a coup has diminished since June, but few people seem to believe this possibility is completely off the table. Leaders of the People's Alliance for Democracy (PAD), which

represents hard-line anti-Thaksin views, have publicly advocated "new politics," a regressive concept including military intervention into the political realm in times of crisis. While the recent turmoil has managed to make the previously generally unpopular Surayud administration look reasonably effective by comparison, we believe most politically-aware Thais recognize that a coup would devastate the business climate and Thailand's international reputation, and that civil society would not tolerate an open-ended period of extraordinary military influence over politics.

- THAKSIN WINS: Despite a sympathetic administration, Thaksin currently appears on the defensive, particularly (and literally) in his ongoing legal cases. It is not impossible to imagine, however, that Thaksin might over a period of months clear his name and return to formal politics through a combination of factors that could include the death of King Bhumibol, a modus vivendi with military leaders, and perhaps an economic crisis that leaves Thais desperate for a political leader with star power. It is difficult, however, to believe that the experience of being overthrown has taught Thaksin to be more accommodating rather than more aggressive, or that he would adopt a style of governance different from that which led to his downfall. With a large segment of the Bangkok elite already deeply set against him, Thaksin's return to formal power would likely lead to substantial anxiety, protests, and continued uncertainty.

COMMENT

17. (C) In 1997, having soured on a political system that encouraged shaky coalition governments, the Thais redrafted their constitution to enable a stronger and more effective executive branch. Taking advantage of the new political structure, Thaksin consolidated power to a greater extent than any previous civilian Prime Minister, alienating the royalist oligarchy. The instability that we see today is a direct and deliberate consequence of the new framework established by the 2006 coup leaders, whose main goal, in order to ensure nobody ever amassed Thaksin-like power again, was to weaken politicians so as to preserve the preeminence of the palace. It appears that the reestablishment of a relatively stable and effective government would require both

BANGKOK 00002226 004.2 OF 004

systemic reforms and accommodation between key political actors. It is unclear when those might come about, but the time frame may well be measured in years rather than months.
JOHN